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FISCAL IMPACT REPORT



SPONSOR: Park DATE TYPED: 2/07/02 HB 315

SHORT TITLE: Raise Adjusted Gross Income SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(\$39,200.0)	(\$50,800.0)	Recurring	State General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This measure would adjust personal income tax brackets and index rates in a way that would provide approximately \$40 million in tax relief in tax year 2003, and \$50 million in relief in tax year 2004. The indexing feature would provide increasing tax relief in years beyond 2004. Differences in brackets under current and proposed law are shown below. TRD has constructed the following tables.

Current Rates (%)	Taxable Income			Taxable Income			Taxable Income			Taxable Income		
	Married Filing Joint			Married Filing Separate			Single			Head of Household		
1.7	0	to	8,000	0	to	4,000	0	to	5,500	0	to	7,000
3.2	8,000	to	16,000	4,000	to	8,000	5,500	to	11,000	7,000	to	14,000
4.7	16,000	to	24,000	8,000	to	12,000	11,000	to	16,000	14,000	to	20,000
6.0	24,000	to	40,000	12,000	to	20,000	16,000	to	26,000	20,000	to	33,000
7.1	40,000	to	64,000	20,000	to	32,000	26,000	to	42,000	33,000	to	53,000
7.9	64,000	to	100,000	32,000	to	50,000	42,000	to	65,000	53,000	to	83,000
8.2	100,000	&	above	50,000	&	above	65,000	&	above	83,000	&	above

Proposed Rates (%)	Taxable Income			Taxable Income			Taxable Income			Taxable Income		
	Married Filing Joint			Married Filing Separate			Single			Head of Household		
1.7	0	to	9,000	0	to	4,500	0	to	6,000	0	to	8,000
3.2	9,000	to	18,000	4,500	to	9,000	6,000	to	12,000	8,000	to	15,500
4.7	18,000	to	27,000	9,000	to	13,500	12,000	to	17,550	15,500	to	22,500
6.0	27,000	to	45,000	13,500	to	22,500	17,550	to	29,000	22,500	to	37,000
7.1	45,000	to	72,000	22,500	to	36,000	29,000	to	47,000	37,000	to	60,000
7.9	72,000	to	140,000	36,000	to	70,000	42,000	to	90,000	60,000	to	115,000
8.2	140,000	&	above	70,000	&	above	90,000	&	above	115,000	&	above

FISCAL IMPLICATIONS

The FY 2003 impact reflects approximately 97% of the full 2002 tax year effect. Late filers with extensions of time to file and delinquent filers delay about 3% of the tax year revenue into FY 2004. The FY 2003 impact comprises about 4% of projected personal income tax collections for the period. The FY 2004 impact reflects the first year of indexing based on a forecast 2.4 percent inflation rate. Under the indexing provision, each percentage point increase in the rate of inflation increases the annual revenue impact by about \$3.5 million.

SS/njw:ar